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Jail Site Has Mob Ties

City's budgeted $20M to buy illegal garbage dump

By Kevin Flynn
STAFF WRITER
and Thomas Curran
DEPUTY INVESTIGATIONS EDITOR

The city plans to buy New York's largest illegal garbage dump from a firm with ties to organized crime and use it as the site for a proposed $275-million jail, New York Newsday has learned.

According to city and court records, an officer of the firm that owns the dump is Michael McLaughlin, identified by law enforcement agencies as a mob associate and chauffeur for John A. Gotti, reputed Gambino crime family captain and son of the family boss.

The attorney for the firm, Britestarr Homes Inc., is Sid Davidoff, the influential lawyer, lobbyist and tennis-playing pal of Mayor David N. Dinkins.

The city has budgeted $20 million to buy the 25-acre lot on the East River in the industrial part of the South Bronx. This is nearly seven times what Britestarr paid for the property three years ago before it began dumping there.

Newsday / [illegible]
Michael McLaughlin

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With Mob Ties for Jail Site

the prefab housing he was going to manufacture.

To do that, he said, he needed to recycle construction debris for two to three years, which would provide him with both working capital and clean fill.

And to recycle and regrade, he needed city permits.

Enter Davidoff, perhaps the most politically connected lawyer in town.

Davidoff wrote letters, made phone calls, and lunched with Sanitation Commissioner Sexton in an effort to help his client. As many as a half-dozen lawyers from his firm, Davidoff & Malito, spent time working to secure a recycling permit for Britestarr Homes.

Construction recycling can be a lucrative business because of the potential to make money at both ends. Recyclers charge haulers to dump their debris, then sell some of it to firms interested in buying scrap metal and the like.

The environmental counsel for the Sanitation Department, Dan Millstone, said construction debris, as clean as it may sound, is not without hazards.

"As long as the stuff is buried there and is not moving around, then it's not exposed to people and it's not too bad," Millstone said. "But if you start moving it around, that's a different story."

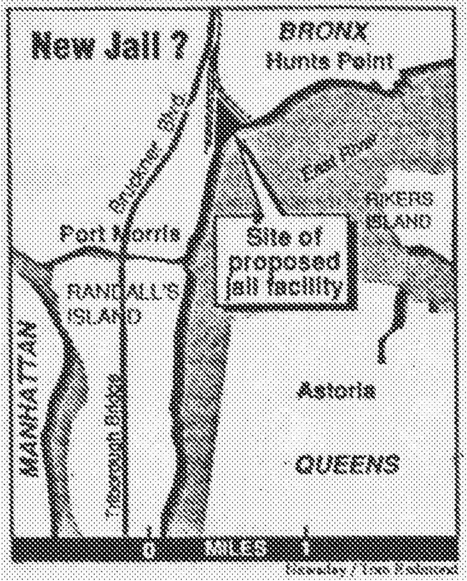
Britestarr's permits were very clear about what the company could do. It could take in debris, recycle reusables, sort out clean fill for regrading and then ship the rest of the garbage out. It was not to store more than 1,000 cubic yards of debris on the site at any time. This property was supposed to be a recycling operation, not a dump.

City officials say Britestarr violated the permit conditions almost immediately. Trucks, including those of Samson Trucking, John A. Gotti's firm, lined Oak Point Avenue each day, bringing in debris. Very few carried stuff away, city officials said.

Norkin's attorney said Gotti only came to the site to pay overdue dump bills for his company. In fact, Druckman said, Norkin stopped accepting debris from Gotti: "He cut him off because he didn't get paid for the stuff he brought."

Within weeks, by city estimates, there was 140 times more debris on the property than allowed. Some of the waste was not construction debris according to city officials who are doing environmental tests.

The city ultimately decided that Britestarr was operating a renegade dump and pulled the recycling permit in August, 1989. Then it sued, arguing that the Britestarr property had become a health and fire hazard. The city cited similarities to Hub Recycling, a New Jersey dump that caught fire, crippling a major highway.



Newsday / [illegible]

Britestarr argued that it had been the victim of bad luck. Its crushing equipment had broken, it said, hindering its ability to recycle garbage that piled up each day.

In addition, Norkin said the Pennsylvania landfill where he was having his stuff hauled had been closed. Records show that environmental authorities had shut it down as an illegal dump.

Britestarr then asked for time to raise money to clean the property. Judge Lewis Friedman of State Supreme Court in the Bronx wanted to know how much it would cost. The city said $10 million. Britestarr said about $250,000, citing estimates from three companies, including one owned by a reputed Luchese crime family associate.

Friedman set a compromise, requiring Britestarr to post $2 million in performance bonds to guarantee the cleanup. The bonds were disqualified within weeks when officials discovered that they had been posted by Athens Bonding of Texas. The company had been indicted in West Virginia, had had its license pulled in Texas and had been disciplined by the Federal Trade Commission in Nevada.

The city's Britestarr suit continues to wind through the courts. State environmental authorities, meanwhile, have filed their own suit against Britestarr, seeking to force a cleanup and to levy a $500,000 fine.

Under the combined pressure, Britestarr has removed some of the garbage. But city officials say most of it remains.

In mid-1989, just as some city officials became concerned about the massive dumping at the property, the city Correction Department settled on it as the site for a new jail. Construction is to begin in 1994.

Correction officials say the property first came to their attention in January, 1989 — four months after Britestarr purchased it. They said a broker from the real estate firm of Sholom & Zuckerbrot, representing Britestarr, approached them about possible use of the site for a jail.

By June the department had settled on the property, city records show. Despite the garbage, it was viewed as having both a decent harbor for a giant barge and sufficient upland space for a jail.

About that time, Norkin hired Howard Rubenstein, the public relations czar.

According to lobbying records, Rubenstein was hired to promote Norkin's modular home business. But by the end of the year, city records show Rubenstein's mission had changed; he was lobbying then-Deputy Mayors Stanley Brezenoff and Robert Esnard for the potential use of the property for a prison barge.

Neither former official can recall the lobbying.

Davidoff said he also offered to help the city purchase the property smoothly and quickly in 1989. But he said Esnard said it was premature for such a discussion.

Since Britestarr bought the property for $3.2 million, the asking price has jumped astronomically. Within months of buying it, Britestarr commissioned an appraisal that put the value at $20 million, and real estate brokers said Norkin was asking for $34 million.

"Appraisals are appraisals," said Bob Libkind, a Conrail spokesman. "They are matters of opinion and depending upon the nature of the factors that the appraisers take into account, they are going to differ."

City officials said last week that, while they have budgeted $20 million for acquisition of the site, no price has been discussed with Norkin. They said it was still possible that they would abandon the site, although alternative sites have not been identified.

Norkin now maintains he has other plans for the property and is no longer interested in selling it to the city.

Meanwhile, the city Finance Department has not billed Britestarr for the $500,000 in taxes it owes.

Conrail has been receiving the tax bills for the property, and Norkin said he has been sending payment to the railroad. But a Conrail spokesman said the rail line has not received any checks and has been reminding the city for years that it no longer owns the property.

Finance officials conceded this week that although they have moved to take the property for non-payment of taxes, they notified Conrail, not Britestarr, of the action.

The officials said the department's confusion results because Britestarr never applied for a separate block and lot, so that on some records, the property still appears to be part of the Conrail holdings.

Newsday / Robert Lee

John A. Gotti, whom investigators have spotted at the dump and being chauffeured by an officer of the site's owner.

City Probes Official's Ties To Law Firm

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cling permit had been issued prematurely, before the unit headed by Lewis-Smith had received all the necessary documents. They also said, though, that such omissions were not unusual in 1989 and that procedures have since been tightened.

The missing documents were necessary approvals from state environmental authorities and the Department of Ports and Trade, city officials said.

"I think the permit was issued with an incomplete application," said Jonathan Deutsch, a Sanitation Department lawyer.

Lewis-Smith said she thought those documents were in the files when she left the Sanitation Department. But state and city officials said they were never issued.

Last December, Lewis-Smith was hired by the Correction Department as assistant commissioner for trials and litigation. The department plans to purchase the dump site and build a jail facility on it.

The budgeted purchase price for the site is about seven times what the current owner paid for it in 1988. Lewis-Smith said, however, that she has had no involvement in the jail planning. Davidoff still represents the dump owner.

Lewis-Smith got her current job after Davidoff, a friend of Mayor David N. Dinkins, said he had submitted her resume to committees hiring staff for the administration. He said he did nothing else for her.

City Eyes Illegal Dump

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uct of a recycling business that failed.

City officials estimate that it may cost as much as $10 million to clean the lot, especially if hazardous wastes are found buried in what has become a small city of rugs, rags, lumber and broken concrete. It is unclear who will pay for the cleanup if the sale to the city goes through.

But there is a $30-million allocation in the current city capital budget for "upland excavation / site prep." at the property. That's not counting the $20 million slotted for the land purchase and the estimated $233-million construction cost of the actual jail. A Correction Department spokesman this week declined to give a breakdown of the project figures in the capital budget, saying they are too preliminary.

Meanwhile, city lawyers are pressing a 2-year-old court battle to force Britestarr to clean up fire and health hazards at the property. Davidoff & Malito, whom Britestarr President David Norkin hired in 1988, has been the city's chief opponent.

Britestarr was also represented in 1989 by Howard Rubenstein Associates, one of the city's best known lobbying and public relations firms.

Both firms said they did not know that their client was allegedly tied to organized crime.

Former Sanitation Commissioner Brendan Sexton, however, said he told Davidoff two years ago that he had concerns about Britestarr.

"I told him we didn't think they were real recyclers, that the people were not who they pretended to be and we didn't know who Norkin was or who his backers were," he said.

Davidoff, who said he did not recall that conversation, scoffed that Sexton "finds organized crime behind everything."

Britestarr's path from rail yard to jail yard has been studded with irregularities.

For example:

- The company has not paid the city a nickel of the $500,000 in taxes it owes on the property. The city continues to bill Conrail, the former owner. Conrail said it sends back a letter each year, saying it doesn't own the property. Last year, the city moved to seize the property for nonpayment of taxes. But it notified Conrail — not the real owners — of the impending action.
- Sanitation officials have said the company was prematurely issued its recycling permit. They say, however, that the practice was not unusual at the time and that city procedures have since been tightened.
- Within weeks of granting the permit, the city lawyer who issued it joined Davidoff's law firm. The official, Allison Lewis-Smith, has since returned to government as the top lawyer in the Correction Department. Both she and the firm deny that her hiring represented any conflict of interest.

The most visible figure in Britestarr Homes is Norkin, a longtime Bronx contractor and former master plumber, who serves as its president. By his own account, Norkin has made a lot of money on city contracts for work at jails, police facilities and courthouses. He lives in a secluded $2-million mansion in Greenwich, Conn., and he is being pursued by creditors ranging from marina owners to the IRS.

According to city and state lawsuits, Britestarr's other two officers are executive vice president John Maticic, 58, a former IBM employee, and vice president Michael McLaughlin, 37, a resident of Howard Beach.

McLaughlin and Norkin are also partners in Oak Point Associates, the recycling business they operated on the property.

Investigators say McLaughlin acts like a member of young John Gotti's regime, although they say he cannot be an official crime family member because he is not of pure Italian descent.

He has been seen driving the reputed Gambino family capo around in a blue 1991 Mercury Marquis and has been photographed by authorities at several mob affairs, including the wake and funeral this year of the elder Gotti's slain driver, Bobby Borriello. Most recently, McLaughlin was arrested and is charged with assaulting a Queens man with brass knuckles.

McLaughlin did not return a call seeking comment, but his attorney, Richard Rehbock, denied that his client is Gotti's driver.

"He works for a living, so I doubt he has time to be a chauffeur," said Rehbock, who also represents young Gotti. He said he could not recall where McLaughlin worked. This summer, when McLaughlin was arrested in Queens, he told police he was employed by a Bronx recycling operation.

Lawyers for Norkin and McLaughlin have both said Norkin was the sole owner of the property. Norkin denied any knowledge of a relationship between Gotti and McLaughlin. He said he met McLaughlin when he hired him for unspecified job 10 years ago.

According to Howard Druckman of Davidoff & Malito, McLaughlin has not been affiliated with Britestarr Homes since 1989. But city and state lawyers said no one has challenged their continuing identification of him as an officer of the company. And Davidoff's law firm itself has demonstrated confusion over corporate and partnership relationships between Norkin and McLaughlin.

In a 1989 letter to the city, Davidoff & Malito referred to Oak Point Associates, the recycling firm in which McLaughlin and Norkin are partners, as a wholly owned subsidiary of Britestarr Homes, the owner of the dump property. Last week, the law firm said Oak Point is a separate concern. Asked from where it had gotten its original information, a firm spokesman said it had been provided by Britestarr Homes.

Britestarr Homes first came to the city's attention in 1988 when Norkin unveiled an ambitious plan to develop a stretch of the abandoned rail yards in the Oak Point section of the Bronx. He said he would construct a $28-million modular housing factory on the site, creating tax revenue, 630 jobs and potentially cheap housing.

It was hard to oppose such a plan. Oak Point had always been an industrial wasteland of grimy truck stops, auto glass shops and hissing iron works. Bronx Borough President Fernando Ferrer hailed Norkin's vision as a "virtual reality."

According to Crain's New York Business, Ferrer also promised his assistance in helping to clean the property, which had been dumped on by a prior tenant. Ferrer says he cannot remember such a pledge, although he recalls having lunch with Norkin and touring his office.

Lloyds Bank PLC was similarly impressed with Norkin's plan. In an unusual move, it financed Britestarr's purchase of the property in September, 1988, lending $4.4 million on a property being purchased for $3.2 million. Britestarr did not have to put up a dime.

Lloyds has declined comment on the mortgage, citing client confidentiality.

Before Norkin's factory could be built, however, he said he needed a few things. He needed to raise his property to make it easier to load railroad cars with

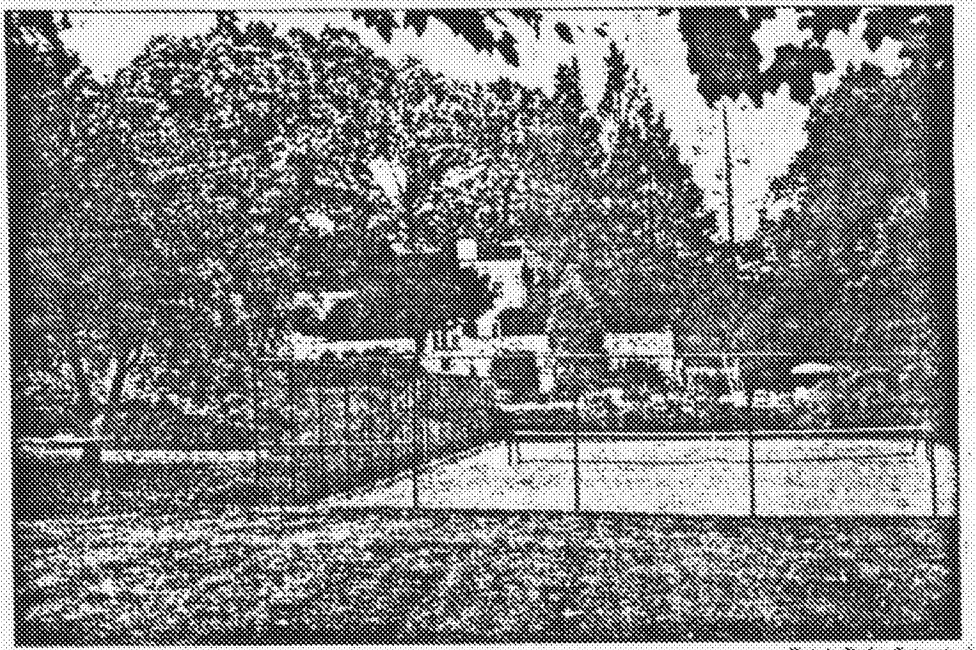


Photo by Stephen Castagneto

The $2-million Greenwich, Conn., mansion of Britestarr President David Norkin, who is being pursued by creditors.

Key Players in Dump-to-Jail Project

Some key players in New York City's planned garbage dump-to-prison project in the Bronx are:

David Norkin, 58 . . . lives in a $2-million, 17-room mansion on three acres in Greenwich, Conn. . . . divorced . . . owns 48-foot Sportsman and Stephens yacht . . . described by his lawyer as "flat broke" . . . owes IRS $875,000 . . . owner and president of Britestarr Homes and partner in Oak Point Associates.

John A. Maticic, 58 . . . lives in Poughkeepsie . . . principal of J. Max Corp, one of the partner companies in Oak Point Associates . . . executive vice president of Britestarr Homes . . . former IBM employee and 30-year friend of Norkin's . . . says Oak Point recycling business is "gone, failed."

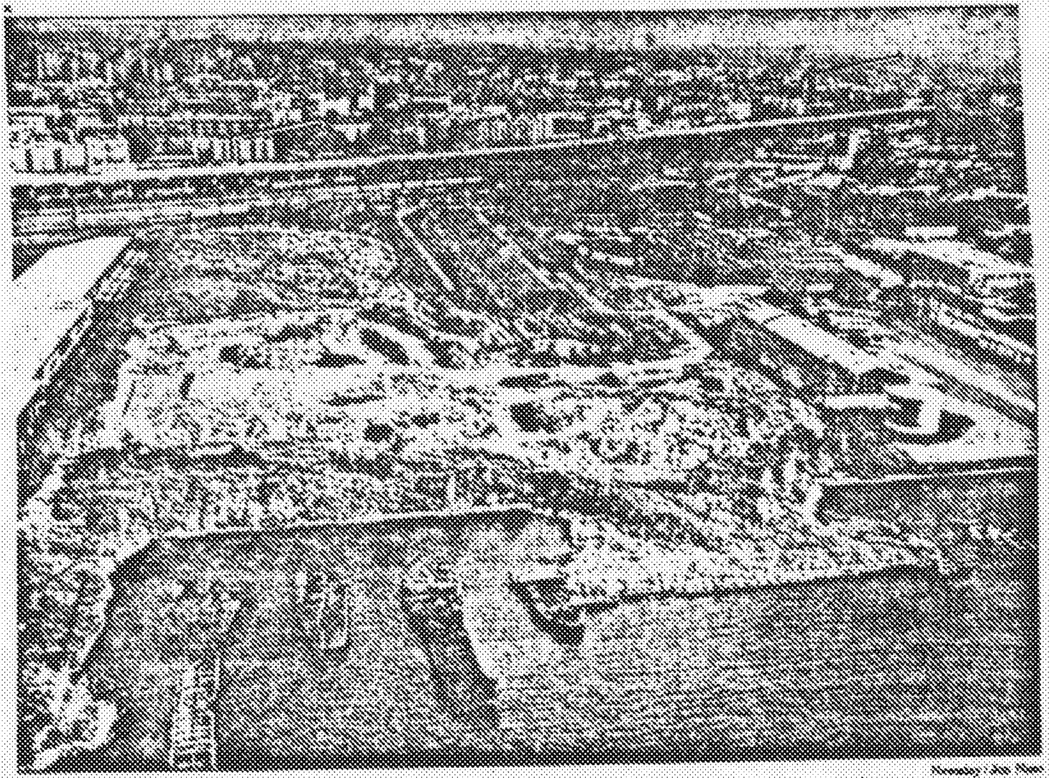
Michael P. McLaughlin, 37 . . . lives in Howard Beach . . . is a principal in J.D. Jovent, the other partner company in Oak Point Associates . . . has signed as vice president of Britestarr Homes . . . waiting trial on charges of July assault on Queens man . . . federal and local law enforcement authorities say he drives for John A. Gotti, reputed Gambino crime family captain and son of the family boss.

Sid Davidoff, 52 . . . name partner in New York law firm of Davidoff & Malito . . . has most billings of any lobbyist registered with city . . . former lobbyist for the President's Trade Waste Council, a consortium of private city garbage carters . . . lawyer for Britestarr Homes.

Allison L. Lewis-Smith, 37 . . . attorney . . . ran the city Sanitation Department's Private Carters' Liaison Unit . . . hired by Davidoff & Malito in June, 1989 . . . joined city Correction Department in December, 1990, as head of trials . . . has been promoted to deputy commissioner for legal affairs.

Howard Rubenstein, 59 . . . former lobbyist for Britestarr Homes . . . first promoted modular home factory plan at Oak Point property then lobbied deputy mayors in the Koch administration on "potential use of property for docking of a prison barge."

Richard Rehbock, 45 . . . lawyer who formed J.D. Jovent firm for Michael McLaughlin . . . successfully defended John A. Gotti in Queens assault case . . . represents Norkin in a federal civil suit . . . mentioned by John Gotti in recently released wiretape as having been paid $200,000 for an unnamed case.



Newsday / Jon Naso

The 25-acre illegal garbage dump in the South Bronx that the city plans to buy for $20 million as the site for a new jail.

City officials insisted last week that a final decision to buy the property off Bruckner Boulevard near 149th Street has not been made. But for more than two years the Correction Department has been notifying federal officials, city planners and community boards that the site would be home to a 1,000-bed jail and berth for an 800-bed prison barge.

Britestarr said through its attorneys last week that McLaughlin has not been affiliated with the company for two years. But he was named as an officer of the firm in a lawsuit filed by the state only six months ago.

Correction officials said they had had no hint of organized crime allegations surrounding the property. The Sanitation Department, however, has been probing the site since 1989, when investigators spotted young Gotti there several times.

The Koch administration first proposed the property for a jail in 1989, a few months after Britestarr Homes had purchased it from Conrail for $3.2 million.

Since then, investigators say, the company has illegally heaped tons of garbage and construction debris on the site, converting the obscure, former rail yard into the city's largest illegal dump.

According to the company's own estimates, it took in at least $1 million in dump fees. And, city records show, some of those fees came from a carting firm owned by young Gotti.

In court papers, company officials maintain that the dumping was not deliberate, only the unfortunate byprod-

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